

IN WITNESS WHEREOF, this Settlement Agreement has been executed by and on behalf of each of the Parties as shown herein below.

GOLDEN CORNERS BROADCASTING, INC.

\_\_\_\_\_  
Date

By: \_\_\_\_\_

Title: \_\_\_\_\_

CLEMSON BROADCASTING, INC.

\_\_\_\_\_  
Date

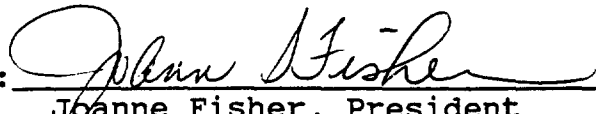
By: \_\_\_\_\_

Cheryl M. Lee, President

FISHER COMMUNICATIONS OF CLEMSON,  
INC.

5/1/92  
Date

By: \_\_\_\_\_

  
Joanne Fisher, President

## OPERATING AGREEMENT

The purpose of this agreement is to establish the terms and conditions under which a new corporation will be established for the purpose of constructing and operating an FM radio station in Clemson, S.C., and under which the new station will be constructed and operated, subject to the approval of a Settlement Agreement between Golden Corners Broadcasting, Inc. and Clemson Broadcasting, Inc. to resolve MM Docket 92-50 and grant of the construction permit on 104.9 MHz in Clemson, SC to the new corporation by the Federal Communications Commission ("FCC"). The parties to this Agreement are Golden Corners Broadcasting, Inc. ("Golden Corners"), P.O. Box 1560, Clemson, SC 29633, a South Carolina corporation, Cheryl M. Lee ("Lee"), 510 Bentbrook Lane, Clemson, SC 29631, and Becky Jo Clark ("Clark"), 114 East Brookwood Drive, Clemson, SC, as shareholders of the new corporation, Three Lakes Broadcasting, Inc. ("NEWCO").

### I. Structure of NEWCO.

A. Stock. NEWCO will have 1000 shares of authorized common stock, 100 of which will be initially issued and distributed as follows: 51 shares (or 51%) to Golden Corners; 24.5 shares (or 24.5%) to Lee; and 24.5 shares (or 24.5%) to Clark. There will be no preferred or non-voting stock.

B. Directors. There will be a Board of five Directors. George Clement, Faye Clement, Lee, and Clark will serve as Directors for so long as they remain shareholders of NEWCO and for so long as they desire the position of Director, as evidenced by submission of their names on an annual basis for election of the Board of Directors. At least one Director shall be an outside director, unrelated to and unaffiliated with any of the stockholders or parties related to NEWCO.

C. Officers. The officers of the corporation will be: President, George Clement; Secretary and Treasurer, Faye Clement. There will be no additional officers of NEWCO.

D. Responsibilities of Officers, Directors and Stockholders. Except as otherwise specified in this Agreement, the structure and operation of NEWCO, including the fiduciary responsibilities of the Officers, Directors, and Stockholders to NEWCO and to other Stockholders, shall be governed by the laws of the State of South Carolina. Notwithstanding this provision, any agreements or contracts with any third party into which any Officer, Director, or Stockholder proposes to enter which could materially affect the profitability of NEWCO and/or its ability to operate and conduct business shall be disclosed to and approved by the Board of Directors prior to execution.

E. Authority of Officers, Directors and Stockholders.

1. Pursuant to the general principles of corporation law, the Officers of NEWCO shall have sole authority to bind the corporation and to enter into agreements on behalf of the corporation in order to fulfill their responsibilities as detailed in this Agreement. Any agreements outside of the scope of these responsibilities or of Board policy must be approved by the Board of Directors.
2. The Board of Directors shall oversee corporate policy and operations. Unless otherwise specified in this Agreement, the votes of a majority of the Board of Directors shall govern all matters before it.
3. Changes in corporate by-laws shall be approved by the Board of Directors. Changes in the Articles of Incorporation as well as the authorization for issuance of additional stock, except as provided in Section II.A.2., shall be unanimously approved by the stockholders.

II. Capitalization and Financing. The corporation shall be financed as follows.

A. Equity.

1. The stock of NEWCO, referenced in Section I.A., will be purchased by contributions as follows. Golden Corners Broadcasting, Inc. contributes \$23,468.27, which is the total of its legitimate and prudent expenses in pursuing its application for this FM station before the Federal Communications Commission; Lee, \$6,696.45, and Clark, \$6,696.45, the total of which sum likewise represents the legitimate and prudent expenses of Clemson Broadcasting, Inc., in which Clark and Lee are the sole shareholders, in pursuing its application for this FM station before the Federal Communications Commission.
2. Pursuant to the provisions of Section II.B. below, it may be necessary from time to time to issue calls for capital contributions from the shareholders to maintain the debt-to-equity ratio. Such calls for capital contributions shall be based upon the then-existing proportionate stockholder interests in NEWCO. Should any stockholder fail to meet a call for capital contribution, such stockholder's interest in the corporation shall be reduced relative to the

interests of those stockholders meeting the call for capital contribution on a pro rata basis. The remaining stockholders shall have the option of contributing the additional equity required to eliminate any shortfall from the failure of one or more stockholders to meet a call for capital contribution, pursuant to the remaining stockholders' pro-rata shares of ownership interest, and such stockholders who make additional equity contributions for this purpose shall have their equity interests proportionately increased by the amount of the additional equity contribution.

B. Debt. The parties agree that the corporation shall maintain a reasonable debt-to-equity ratio not to exceed forty percent (40%) debt to sixty percent (60%) equity. Any variance from this ratio must have unanimous approval of the Board of Directors. This ratio shall not include reasonable and necessary ordinary business expenses furnished "on account" by custom, including but not limited to utilities, telephone, and office supplies.

III. Business Operations. The primary business of NEWCO, construction and operation of an FM radio station in Clemson, South Carolina, shall be conducted as follows.

A. Construction. The construction of the new FM station shall be supervised under the sole direction and control of George Clement, as President and Chief Executive Officer of the corporation, assisted by such expert advise as he may require from consulting and/or contract engineer(s) and communications counsel. George Clement will be responsible for ensuring that the station is constructed in accordance with the Construction Permit and that all applicable FCC rules and regulations are followed.

1. Based upon the proposal of Golden Corners to the Commission that the FM facilities would be co-located with facilities of WCCP(AM), Clemson, SC, of which Golden Corners Broadcasting, Inc. is the licensee, it is estimated that the costs of construction and first-three months' operation will be \$125,000, based upon the budget attached hereto as Exhibit A. Golden Corners will enter into a five-year, renewable, lease with NEWCO for use of the WCCP(AM) main studio facilities on Lawrence Road in Clemson, SC, at a rate to be negotiated between Golden Corners and the Board of Directors, becoming effective upon commencement of on-air operations by the FM station.
2. The parties acknowledge that the average time period for a new FM broadcast facility to demonstrate a profit is three years. No

dividends, return of capital, or other distributions to stockholders will be made by NEWCO until either the monthly cash flow exceeds expenses for a period of twelve successive months or the initial construction and operation debt is repaid.

3. The parties also acknowledge that the Federal Aviation Administration ("FAA") has taken the position that no FM radio station can be constructed on 104.9 MHz within the FCC's site restrictions without the potential for interference with air navigation due to EMI; that due to the FAA's position, the FCC is likely to condition any grant of a construction permit on operation for a period of one year without complaints of actual interference to air navigation; that should any such complaints be made, it is possible that the FM station would be required to cease operations until such time as the interference can be eliminated, if ever. All parties agree to proceed with construction with full knowledge of the existence of this risk.
4. The parties also acknowledge that another applicant for this same facility before the FCC objects to the dismissal of his application as inadvertently accepted for tender; that it is possible that this applicant, FM 104.9, will pursue his rights of appeal under FCC rules and regulations; that, if so, it is possible that the FCC will stay grant of the construction permit for the FM station until its dismissal of the FM 104.9 application is final, thus delaying construction of this facility. The Board of Directors shall reach unanimous agreement on NEWCO's response to any such appeals.

B. Day-to-Day Management. The station shall be operated under the direction of George Clement, as President and Chief Executive Officer of the corporation, and as General Manager of the station. It is expected that the FM station staff will initially be comprised of a General Manager, Business Manager, Program Director/Announcer, 3 part-time Staff Announcers, 3 Sales Representatives, and a Chief Operator (on contract). Faye Clement will serve on station staff as Business Manager, and the remaining stockholders may serve on staff under such terms and conditions as the parties may unanimously agree. Notwithstanding this provision, George Clement shall be solely responsible for station personnel and station operation.

1. George Clement shall remain President and Chief Executive Officer for so long as he desires and performs his duties as General Manager of the FM station. This includes, but is not limited to, devoting his full attention to construction and operation of the FM station, and using his best efforts to place station operations into a positive cash flow as soon as possible sufficient to pay all station expenses as budgeted and incurred on a monthly basis.

2. George Clement shall devote himself full-time, at a minimum of forty hours per week, to his duties as General Manager of the FM station. He shall likewise be responsible for day-to-day programming, sales, and compliance with all applicable FCC rules and regulations. It is the intention of the parties that WCCP(AM) and the new FM station be jointly marketed and sold. Joint sales of advertising or joint bulk buys shall be allocated between the AM and FM stations proportionately to the percentage by which each station's individual rate for a particular spot-length and class is discounted for purposes of the joint sale or joint bulk buy.

3. The above notwithstanding, the parties acknowledge the existence of the operational demands of WCCP(AM), Clemson, SC, of which Golden Corners is the licensee and George Clement is General Manager. It is Golden Corner's best estimate that the additional time required for operation of the AM station in addition to the FM station by George Clement will be, on average, six hours per week. The manner in which George Clement spends his time on the operation of the two facilities shall be determined in his sole discretion, so long as his duties to NEWCO are fulfilled.

C. Budgeted Expenses. It shall be George Clement's responsibility to operate the station in such a manner as to produce a positive cash flow sufficient to pay all station expenses as budgeted and incurred on a monthly basis as follows.

1. The parties agree that the operating budget shall be prepared by George Clement and approved by the Board of Directors. Such Board approval will constitute approval for normal monthly variances within 20%. Recognizing the cyclical nature of broadcasting industry revenues in comparison to expenses, the operating budget shall be prepared on an annualized basis and will be reviewed annually by the Board for such revision as may be necessary. The operating budget will become effective as of the first day of station operation.

2. The operating budgeted expenses shall represent all necessary monthly expenses for operation of the station, including but not limited to personnel, studio and office rental, supplies, furniture, equipment, utilities, telephone, insurance, debt service (including principal and interest), tower equipment and site rental, and maintenance. It is anticipated that all monthly operating expenses for WCCP(AM) which are relevant to the operation of the FM station will be fulfilled by NEWCO's monthly lease arrangement with Golden Corners, as referenced in Section III.A.1. above. Therefore, the operating expenses for the FM station shall include the lease payment and such other expenses as are incurred solely on behalf of the FM station, such as additional electric power, expenses relating to 24-hour operation, and additional staff.

3. The operating budgeted expenses shall not include extraordinary expenses which arise from an interruption in station operations and/or damage to station premises and/or equipment because of disastrous weather, an act of war, or civil insurrection, provided that such interruption does not in the aggregate interrupt the broadcast operations for more than ten (10) days and provided further that NEWCO receives insurance proceeds from business interruption insurance (which NEWCO shall carry) to compensate NEWCO for any such interruption. Neither shall the budget include capital expenditures such as equipment replacement, such expenditures to be authorized from positive cash flow on an individual basis by the Board upon the recommendations of George Clement.

4. The Board may, at any time, establish cash reserves from positive cash flow in excess of expenses (surplus).

D. Records and Reports.

1. George Clement shall be responsible for engaging competent clerical, accounting, and engineering personnel as necessary to maintain good business records in accordance with generally accepted accounting principles and with the requirements of such various local, state, and federal entities with jurisdiction over the operations of the station and of NEWCO.

2. The financial records of the corporation shall be maintained on a fiscal year of January 1 through December 31 and on a cash or accrual accounting basis as the Board determines. Within 15 days of each month's close of business, or as otherwise agreed by

the parties, George Clement shall provide to the Board a written report of the month's operation which shall detail budgeted expenses and expected revenues in comparison with actual expenses and actual income for the month, including information concerning AM allocations and expenses that are relevant to joint sales and such other information as the Board reasonably requests.

IV. Compensation to George and Faye Clement. George Clement shall be compensated as General Manager of the new FM station and Faye Clement shall be compensated as Business Manager of the new FM station beginning at such time as the station institutes full-time programming, such compensation to be reviewed by the Board on an annual basis.

A. At the sole option of Golden Corners Broadcasting, George and Faye Clement may elect to delay receipt of the above-referenced compensation, in whole or in part, as may be appropriate based upon station operations. Should payment of such compensation be delayed, the Board of Directors shall cause NEWCO to execute promissory notes to George and Faye Clement for such delayed payment at the rate of 10% per annum compounded quarterly interest.

V. Income.

A. Distribution. Subject to Sections III.A.2. and III.B.4. above, profits shall be calculated on a yearly basis and distributed on the basis of the parties' respective stock interests for the year in which the profits were earned.

VI. Federal Communications Commission ("FCC"). The parties recognize that holding a license to operate a broadcast station from the FCC is a privilege, revocable for cause by the FCC. The parties agree that each of them, as shareholders, officers and directors of a corporation which is an FCC licensee, has a responsibility to ensure that their individual actions are in accordance with FCC rules and regulations.

VII. Term and Termination. This Agreement shall enter into effect upon execution by all parties, which execution may be performed in counterpart.

A. Term. This Agreement shall remain in effect so long as Lee and Clark or their heirs or beneficiaries hold any stock of NEWCO or until terminated by mutual agreement or as provided below.

B. Assignment of Interests/Sale of Stock. From the effective date of this Agreement and for a period of three



years after initiation of program operations of the FM radio station, no stockholder shall sell his or her stock to any third party without the prior written approval of the remaining stockholders.

1. After this three-year period, should any stockholder desire to sell his stock or otherwise assign his interests in NEWCO to a third party, the remaining stockholders shall have a right of first refusal to purchase the stock and/or interests of any other party wishing to dispose of his stock and/or interests on the same terms and conditions expressed in a bona fide written offer by the third-party, such right of first refusal expiring after fifteen days of first written notice, such notice to include a copy of the bona fide written third-party offer. In no event may the selling shareholder agree to sell his or her respective shares at a price lower than or on terms more favorable to a third party buyer than those offered to the other voting shareholders without first making such offer available to the other voting shareholders.

a. Should one or more of the remaining stockholders wish to exercise the right of first refusal, their acquisition of stock shall bear the same proportion to their total then-existing equity interest in NEWCO.

b. Upon exercise of the right of first refusal, the parties shall enter into a contract for the sale of such shares at the price and on the terms offered within thirty days of written notice of intention to exercise the right of first refusal.

c. The sale or assignment of all stock interest in NEWCO by any stockholder shall terminate this agreement with respect to the retiring stockholder, but the agreement shall remain in full force and effect with respect to the remaining stockholders, subject to provision VII.A. above.

2. In accordance with FCC requirements on bona fide mergers in settlement of competing applications, should Golden Corners, Lee or Clark wish to retire their stock interest in NEWCO by selling the stock to any of the other remaining shareholders or to the corporation within the three-year period referenced above, said stock shall be redeemed by the corporation or by the remaining stockholders, as the remaining stockholders may agree, for no more than the equity contributions of the retiring stockholder plus interest of 10% per annum.

a. Should one or more of the remaining stockholders wish to redeem the stock of the retiring stockholder, their acquisition of stock shall bear the same proportion to their total then-existing equity interest in NEWCO.

b. The redemption of all stock interest in NEWCO by any stockholder shall terminate this agreement with respect to the retiring stockholder, but the agreement shall remain in full force and effect with respect to the remaining stockholders, subject to provision VII.A. above.

3. Starting on the fifth anniversary of initiation of program operation of FM Station, , if the FM station remains operational, Lee and Clark will have the option of requiring Golden Corners to purchase their NEWCO stock, based upon the average of two independent appraisals of the current market value of the stock. Golden Corners will likewise have the option of requiring Lee and Clark to purchase its NEWCO stock. In the event that such an option is exercised, one appraiser shall be chosen by Golden Corners and one appraiser shall be chosen by Lee and Clark. In the event that the two independent appraisals differ in valuation of the station by more than 10%, a third independent appraisal shall be conducted by an appraiser mutually agreeable to all shareholders, and the average of the two higher appraisals shall determine the value of the FM station for purposes of exercise of this option.

VIII. Miscellaneous.

A. This Agreement, as supplemented by the collateral documents and exhibits referenced herein, constitutes the entire Agreement of the parties and supercedes any and all previous agreements, written or oral.

B. This Agreement shall be governed by the laws of the State of South Carolina.

GOLDEN CORNERS BROADCASTING, INC.

By:   
George W. Clement, President

\_\_\_\_\_  
Cheryl M. Lee

\_\_\_\_\_  
Becky Jo Clark

- a. Should one or more of the remaining stockholders wish to redeem the stock of the retiring stockholder, their acquisition of stock shall bear the same proportion to their total then-existing equity interest in NEWCO.
  - b. The redemption of all stock interest in NEWCO by any stockholder shall terminate this agreement with respect to the retiring stockholder, but the agreement shall remain in full force and effect with respect to the remaining stockholders, subject to provision VII.A. above.
3. Starting on the fifth anniversary of initiation of program operation of FM Station, , if the FM station remains operational, Lee and Clark will have the option of requiring Golden Corners to purchase their NEWCO stock, based upon the average of two independent appraisals of the current market value of the stock. Golden Corners will likewise have the option of requiring Lee and Clark to purchase its NEWCO stock. In the event that such an option is exercised, one appraiser shall be chosen by Golden Corners and one appraiser shall be chosen by Lee and Clark. In the event that the two independent appraisals differ in valuation of the station by more than 10%, a third independent appraisal shall be conducted by an appraiser mutually agreeable to all shareholders, and the average of the two higher appraisals shall determine the value of the FM station for purposes of exercise of this option.

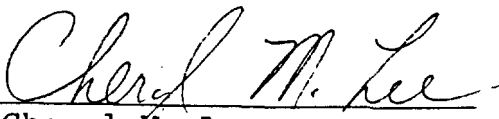
VIII. Miscellaneous.


A. This Agreement, as supplemented by the collateral documents and exhibits referenced herein, constitutes the entire Agreement of the parties and supercedes any and all previous agreements, written or oral.

B. This Agreement shall be governed by the laws of the State of South Carolina.

GOLDEN CORNERS BROADCASTING, INC.

By: \_\_\_\_\_  
George W. Clement, President

  
Cheryl M. Lee

  
Becky Jo Clark

BY-LAWS  
OF  
THREE LAKES BROADCASTING, INC.

Article I

Name and object of Corporation

Section 1. Name. This Corporation shall be known as Three Lakes Broadcasting, Inc. (hereinafter referred to as "the Corporation")

Section 2. Purpose. The purpose of this Corporation shall be to engage in the business of radio broadcasting, including but not limited to FM and FM multiplex transmissions; to own, sell, hold, lease, equip, maintain, and operate broadcasting and receiving stations and any connections between such stations; and to transmit, send, and broadcast over the radio, news, talks, speeches, lectures, musical concerts, recorded music, plays, theatricals, recitals, programs, revues, readings, reports, signals, and all matter and things of any kind, nature, and description whatsoever that may be transmitted by radio, and to have all powers granted a corporation under the laws of the State of South Carolina.

Article II

Operating Agreement

The shareholders of this Corporation have entered into an Operating Agreement dated May 1, 1992, taking effect May 13, 1992, wherein and whereby the operations of the Corporation have been set forth, which Operating Agreement is incorporated herein by reference. In the event of any inconsistencies or ambiguities between these By-Laws and the Operating Agreement, the terms of the Operating Agreement shall govern.

Article III

Stockholders

Section 1. Meeting. The annual meeting of the stockholders shall be held on the second Wednesday of each year beginning on May 13, 1992, at 4 o'clock p. m., for the purpose of electing directors and for the transaction of such other business as may come before

the meeting. If the day fixed for the meeting shall be a legal holiday in the State of South Carolina, such meeting shall be held on the next succeeding business day. If the election of directors is not held on the day designated herein for any annual meeting of the stockholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the stockholders as soon thereafter as is convenient.

Section 2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by the Board of Directors, and shall be called by the president at the request of the holders of not less than 5% of all the outstanding shares of the corporation entitled to vote at the meeting.

Section 3. Place of Meeting. The Board of Directors may designate any place within the State of South Carolina, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all stockholders entitled to vote at a meeting may designate any place within the State of South Carolina, as the place for the holding of such meeting. If no designation is made, or if a special meeting is otherwise called, the place of meeting shall be the principal office of the corporation in the City of Clemson, State of South Carolina.

Section 4. Notice of Meeting. Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 30 days nor more than 45 days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting, If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Section 5. Closing Transfer Books or Fixing Record Date. For the purpose of determining stockholders entitled to notice of, or to vote at, any meeting of stockholders or any corporation thereof, or stockholders entitled to receive payment of any dividend, or to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may provide that the stock transfer books shall be closed for a stated period, but not to exceed 45 days. If the stock transfer books shall be closed for the purpose of determining stockholders entitled to notice of, or to vote at, a meeting of stockholders, such books shall be closed for at least 30 days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of

stockholders, such date in any event to be not more than 45 days, and in case of a meeting of stockholders. not less than 30 days prior to the date on which the particular action requiring such determination of stockholders is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of stockholders entitled to notice of, or to vote at, a meeting of stockholders, or of stockholders entitled to receive payment of a dividend, the date that notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

Section 6. Quorum. A two-thirds majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders. If less than a majority of such outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum is present or represented,, any business may be transacted that might have been transacted at the meeting as originally notified. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 7. Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after twelve (12) months from the date of its execution unless otherwise provided in the proxy.

Section 8. Voting of Shares. Subject to the provisions of any applicable law of incorporation, each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

Section 9. Capitalization and Financing of the Corporation. All capitalization and financing of the Corporation shall be in strict accordance with provisions of Section II.A.1.2.B. of the Operating Agreement, which is attached hereto and incorporated herein as a part of these By Laws.

## Article IV

### Board of Directors and Officers

Section 1. Board of Directors. Corporate Policy and Operations shall be overseen by the Board of Directors, who shall be elected, as provided in Section 1 of Article V of these Bylaws. The number of directors shall be five (5) and may be reduced only by amendment of these Bylaws. The initial Board of Directors shall be George Clement, Faye Clement, Cheryl M. Lee and Becky Jo Clark who shall remain directors from year to year so long as they remain stockholders of the Corporation and for so long as they desire the position of Director as evidenced by submission of their names on an annual basis for election to the Board of Directors. At least one Director shall be an outside Director, unrelated to and unaffiliated with any of the stockholders or parties related to this Corporation.

Section 2. Officers. The officers of the Corporation shall consist of a President, a Secretary and a Treasurer, selected from the Board of Directors, as provided in Section 3 of Article V of these Bylaws. The Secretary and Treasurer may be one person. The initial officers of the Corporation will be: President, George Clement; Secretary and Treasurer, Faye Clement. They will be charged with the day-to-day operation and management of the Corporation.

Section 3. President as Committee Member. The President shall be a member, ex officio, of all committees.

## Article V

### Meetings

Section 1. Monthly Meeting of Board Members. The monthly meeting of the Board of Directors of the Corporation shall be held on the second Tuesday of each month at 4 o'clock p.m., unless otherwise unanimously agreed by the Board of Directors. Notice of the time and place of holding the monthly meeting shall be mailed to each member at least ten days previous thereto.

Section 2. Special Meetings of Board Members. Special meetings of the Board of Directors may be called by the President at any time on his own initiative or by the President or Secretary upon request of three members to such officer made in writing. Notice of the meeting shall be mailed to each Board member at least ten days previous to the meeting, and at such special meeting there shall only be considered such business as is specified in the notice of the meeting.

Section 3. Quorum for Meetings of Board Members. At all meetings of the Corporation, either regular or special, a majority of all Board members in good standing shall constitute a quorum.

Section 4. Lack of Quorum. If a quorum is not presented, the presiding officer may adjourn the meeting to a day and hour fixed by him.

Section 5. Order of Business. At all meetings of the Corporation, the order of business shall be as follows:

- (a) Reading of minutes of immediate prior meeting for information and approval.
- (b) Reports of officers.
- (c) Reports of committees.
- (d) Any elections, if necessary.
- (e) Unfinished business.
- (f) New business.
- (g) Reading and approval of minutes of meeting just held, if requested.

## Article VI

### Election of Directors and Officers

Section 1. Election of Directors. The Directors of the Corporation shall be elected annually at the monthly meeting of the Board of Directors in May of each calendar year except that the initial Board members referenced in Article IV, Section 1 shall be deemed elected upon submission of their names for election as provided therein. Each active stockholder shall be entitled to one vote for each director to be elected and the candidate receiving a majority of the votes cast shall be declared elected.

Section 2. Election of Officers. The Board of Directors shall elect from among their number a President, a Secretary, and a Treasurer. The meeting of the Board of Directors to elect officers or re-affirm existing officers shall be held within one month following the annual meeting of stockholders. Officers elected shall hold office until new officers are elected.

## Article VII

### Vacancies in Office

If a vacancy occurs among the officers or in the Board of Directors, the vacancy shall be filled for the unexpired term by the Board of Directors.



## Article VIII

### Responsibilities

Section 1. Responsibilities of Officers, Directors, and Stockholders. Except as otherwise specified in the Operating Agreement, the structure and operation of the Corporation, including the fiduciary responsibilities of the Officers, Directors and Stockholders to the Corporation and to other Stockholders, shall be governed by the laws of the State of South Carolina. Notwithstanding this provision, any agreements or contracts with any third party into which any Officer, Director, or Stockholder proposes to enter which could materially affect the profitability of the Corporation and/or its ability to operate and conduct business shall be disclosed to and approved by the Board of Directors prior to execution.

Section 2. Execution of Instruments. The officers of the Corporation shall have sole authority to bind the Corporation and to enter into agreements on behalf of the corporation in order to fulfill their responsibilities as detailed in the Operating Agreement. Any agreements outside of the scope of these responsibilities or of Board policy must be approved by the Board of Directors.

## Article IX

### Duties and Powers of Board of Directors

Section 1. Policy-Making. The Board of Directors shall oversee corporate policy and operations of the Corporation. Unless otherwise specified in the Operating Agreement, the votes of a majority of the Board of Directors shall govern all matters before it.

Section 2. Rule-Making. The Board of Directors may make rules for the conduct of the Board members and the use of the Corporation property, and define and limit the activities and privileges of the Board members and their guests, not inconsistent, however, with anything set forth in these By-Laws or the Operating Agreement.

Section 3. Appointment of Committees. The Board of Directors may appoint such committees as it deems necessary; it may vote the expenditure of moneys as it deems necessary or advisable; and it may contract for the lease or purchase in the name of the Corporation properties, or facilities for the use of the members.

Section 4. Place of Directors' Meeting. The meeting of the directors may be held in the Town of Easley, Pickens County, or any

place in such County. They shall not be held outside the State of South Carolina.

## Article X

### Compensation

George Clement shall be compensated as General Manager of the new FM station and Faye Clement shall be compensated as Business Manager of the new FM station beginning at such time as the station institutes full-time programming, such compensation to be reviewed by the Board on an annual basis, as specifically outlined in the Operating Agreement.

## Article XI

### Checks and Deposits

Section 1. Checks, Drafts, or Orders. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors in accordance with the terms of the Operating Agreement.

Section 2. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

## Article XII

### Certificates For Shares; Transfers

Section 1. Certificates of shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the president and by the secretary. All certificates of shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed, or mutilated certificate a new one may be issued therefor on such

terms and indemnity to the corporation as the Board of Directors may prescribe.

Section 2. Stock. This Corporation will have 1000 shares of authorized common stock. There will be no preferred or non-voting stock.

Section 3. Transfer of Shares. Transfer of shares of the Corporation shall be made in the manner specified in the Uniform Commercial Code. The Corporation shall maintain stock transfer books, and any transfer shall be registered thereon only on request and surrender of the stock certificate representing the transferred shares, duly endorsed. The Corporation shall have the absolute right to recognize as the owner of any shares of stock issued by it, the person or persons in whose name the certificate representing such shares stands according to the books of the corporation for all proper corporate purposes, including the voting of the shares represented by the certificate at a regular or special meeting of stockholders, and the issuance and payment of dividends on such shares.

#### Article XIII

##### Fiscal Year

The fiscal year of the Corporation shall be the calendar year.

#### Article XIV

##### Profit Distribution

Distribution of dividends and profits will be subject to the terms of the Operating Agreement.

#### Article XV

##### Seal

The Board of Directors shall provide a corporate seal, which shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of incorporation and the words "Corporate Seal". The seal shall be stamped or affixed to such documents as may be prescribed by law or custom or by the Board of Directors.

Article XVI

Waiver of Notice

Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of these bylaws or under the provisions of the articles of incorporation or under the provisions of law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article XVII

Amendments

Changes or amendments in corporate by-laws shall be approved by the Board of Directors. changes in the Articles of Incorporation as well s the authorization for issuance of additional stock, except as provided in Section II.A.2. of the Operating Agreement, shall be unanimously approved by the stockholders.

EXECUTED this 13<sup>th</sup> day of MAY, 1992.

THREE LAKES BROADCASTING, INC.

In the presence of:

Thomas G. Smith

Pamela J. Smith

By:

George Clement  
George Clement, President

By:

Jaye Clement  
Jaye Clement, Secretary  
FAYE 5-13-92 *cler*  
*K.*  
*Sec.*

STATE OF SOUTH CAROLINA       )  
  )  
COUNTY OF PICKENS            )     PROBATE

Personally appeared before me the undersigned witness who being first duly sworn deposes and states that (s)he saw the within named President and Secretary of Three Lakes Broadcasting, Inc., sign, seal and as their act and deed deliver the within written Bylaws, and that (s)he with the other witness subscribed hereinabove witnessed the execution thereof.

Thomas S. Powell  
(witness)

Sworn to before me this  
13<sup>th</sup> day of May, 1992.

Pamela J. Smith  
Notary Public for South Carolina  
My commission expires: 7/6-2001

## OPERATING AGREEMENT

The purpose of this agreement is to establish the terms and conditions under which a new corporation will be established for the purpose of constructing and operating an FM radio station in Clemson, S.C., and under which the new station will be constructed and operated, subject to the approval of a Settlement Agreement between Golden Corners Broadcasting, Inc. and Clemson Broadcasting, Inc. to resolve MM Docket 92-50 and grant of the construction permit on 104.9 MHz in Clemson, SC to the new corporation by the Federal Communications Commission ("FCC"). The parties to this Agreement are Golden Corners Broadcasting, Inc. ("Golden Corners"), P.O. Box 1560, Clemson, SC 29633, a South Carolina corporation, Cheryl M. Lee ("Lee"), 510 Bentbrook Lane, Clemson, SC 29631, and Becky Jo Clark ("Clark"), 114 East Brookwood Drive, Clemson, SC, as shareholders of the new corporation, Three Lakes Broadcasting, Inc. ("NEWCO").

### I. Structure of NEWCO.

A. Stock. NEWCO will have 1000 shares of authorized common stock, 100 of which will be initially issued and distributed as follows: 51 shares (or 51%) to Golden Corners; 24.5 shares (or 24.5%) to Lee; and 24.5 shares (or 24.5%) to Clark. There will be no preferred or non-voting stock.

B. Directors. There will be a Board of five Directors. George Clement, Faye Clement, Lee, and Clark will serve as Directors for so long as they remain shareholders of NEWCO and for so long as they desire the position of Director, as evidenced by submission of their names on an annual basis for election of the Board of Directors. At least one Director shall be an outside director, unrelated to and unaffiliated with any of the stockholders or parties related to NEWCO.

C. Officers. The officers of the corporation will be: President, George Clement; Secretary and Treasurer, Faye Clement. There will be no additional officers of NEWCO.

D. Responsibilities of Officers, Directors and Stockholders. Except as otherwise specified in this Agreement, the structure and operation of NEWCO, including the fiduciary responsibilities of the Officers, Directors, and Stockholders to NEWCO and to other Stockholders, shall be governed by the laws of the State of South Carolina. Notwithstanding this provision, any agreements or contracts with any third party into which any Officer, Director, or Stockholder proposes to enter which could materially affect the profitability of NEWCO and/or its ability to operate and conduct business shall be disclosed to and approved by the Board of Directors prior to execution.

E. Authority of Officers, Directors and Stockholders.

1. Pursuant to the general principles of corporation law, the Officers of NEWCO shall have sole authority to bind the corporation and to enter into agreements on behalf of the corporation in order to fulfill their responsibilities as detailed in this Agreement. Any agreements outside of the scope of these responsibilities or of Board policy must be approved by the Board of Directors.
2. The Board of Directors shall oversee corporate policy and operations. Unless otherwise specified in this Agreement, the votes of a majority of the Board of Directors shall govern all matters before it.
3. Changes in corporate by-laws shall be approved by the Board of Directors. Changes in the Articles of Incorporation as well as the authorization for issuance of additional stock, except as provided in Section II.A.2., shall be unanimously approved by the stockholders.

II. Capitalization and Financing. The corporation shall be financed as follows.

A. Equity.

1. The stock of NEWCO, referenced in Section I.A., will be purchased by contributions as follows. Golden Corners Broadcasting, Inc. contributes \$\_\_\_\_\_, which is the total of its legitimate and prudent expenses in pursuing its application for this FM station before the Federal Communications Commission; Lee, \$\_\_\_\_\_, and Clark, \$\_\_\_\_\_, the total of which sum likewise represents the legitimate and prudent expenses of Clemson Broadcasting, Inc., in which Clark and Lee are the sole shareholders, in pursuing its application for this FM station before the Federal Communications Commission.
2. Pursuant to the provisions of Section II.B. below, it may be necessary from time to time to issue calls for capital contributions from the shareholders to maintain the debt-to-equity ratio. Such calls for capital contributions shall be based upon the then-existing proportionate stockholder interests in NEWCO. Should any stockholder fail to meet a call for capital contribution, such stockholder's interest in the corporation shall be reduced relative to the

interests of those stockholders meeting the call for capital contribution on a pro rata basis. The remaining stockholders shall have the option of contributing the additional equity required to eliminate any shortfall from the failure of one or more stockholders to meet a call for capital contribution, pursuant to the remaining stockholders' pro-rata shares of ownership interest, and such stockholders who make additional equity contributions for this purpose shall have their equity interests proportionately increased by the amount of the additional equity contribution.

B. Debt. The parties agree that the corporation shall maintain a reasonable debt-to-equity ratio not to exceed forty percent (40%) debt to sixty percent (60%) equity. Any variance from this ratio must have unanimous approval of the Board of Directors. This ratio shall not include reasonable and necessary ordinary business expenses furnished "on account" by custom, including but not limited to utilities, telephone, and office supplies.

III. Business Operations. The primary business of NEWCO, construction and operation of an FM radio station in Clemson, South Carolina, shall be conducted as follows.

A. Construction. The construction of the new FM station shall be supervised under the sole direction and control of George Clement, as President and Chief Executive Officer of the corporation, assisted by such expert advise as he may require from consulting and/or contract engineer(s) and communications counsel. George Clement will be responsible for ensuring that the station is constructed in accordance with the Construction Permit and that all applicable FCC rules and regulations are followed.

1. Based upon the proposal of Golden Corners to the Commission that the FM facilities would be co-located with facilities of WCCP(AM), Clemson, SC, of which Golden Corners Broadcasting, Inc. is the licensee, it is estimated that the costs of construction and first-three months' operation will be \$125,000, based upon the budget attached hereto as Exhibit A. Golden Corners will enter into a five-year, renewable, lease with NEWCO for use of the WCCP(AM) main studio facilities on Lawrence Road in Clemson, SC, at a rate to be negotiated between Golden Corners and the Board of Directors, becoming effective upon commencement of on-air operations by the FM station.
2. The parties acknowledge that the average time period for a new FM broadcast facility to demonstrate a profit is three years. No



dividends, return of capital, or other distributions to stockholders will be made by NEWCO until either the monthly cash flow exceeds expenses for a period of twelve successive months or the initial construction and operation debt is repaid.

3. The parties also acknowledge that the Federal Aviation Administration ("FAA") has taken the position that no FM radio station can be constructed on 104.9 MHz within the FCC's site restrictions without the potential for interference with air navigation due to EMI; that due to the FAA's position, the FCC is likely to condition any grant of a construction permit on operation for a period of one year without complaints of actual interference to air navigation; that should any such complaints be made, it is possible that the FM station would be required to cease operations until such time as the interference can be eliminated, if ever. All parties agree to proceed with construction with full knowledge of the existence of this risk.
4. The parties also acknowledge that another applicant for this same facility before the FCC objects to the dismissal of his application as inadvertently accepted for tender; that it is possible that this applicant, FM 104.9, will pursue his rights of appeal under FCC rules and regulations; that, if so, it is possible that the FCC will stay grant of the construction permit for the FM station until its dismissal of the FM 104.9 application is final, thus delaying construction of this facility. The Board of Directors shall reach unanimous agreement on NEWCO's response to any such appeals.

B. Day-to-Day Management. The station shall be operated under the direction of George Clement, as President and Chief Executive Officer of the corporation, and as General Manager of the station. It is expected that the FM station staff will initially be comprised of a General Manager, Business Manager, Program Director/Announcer, 3 part-time Staff Announcers, 3 Sales Representatives, and a Chief Operator (on contract). Faye Clement will serve on station staff as Business Manager, and the remaining stockholders may serve on staff under such terms and conditions as the parties may unanimously agree. Notwithstanding this provision, George Clement shall be solely responsible for station personnel and station operation.